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**SUBSTITUTE SENATE BILL 6452**

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**State of Washington**

**63rd Legislature**

**2014 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Eide and Baumgartner)

READ FIRST TIME 02/07/14.

1        AN ACT Relating to providing a sales and use tax exemption for  
2 certain new building construction to be used by maintenance repair  
3 operators for commercial airplane repair and maintenance; amending RCW  
4 82.08.980, 82.08.980, 82.12.980, and 82.12.980; creating a new section;  
5 providing a contingent effective date; and providing contingent  
6 expiration dates.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8        NEW SECTION.        **Sec. 1.**        This section is the tax preference  
9 performance statement for the tax preference contained in RCW 82.08.980  
10 and 82.12.980. This performance statement is only intended to be used  
11 for subsequent evaluation of the tax preference. It is not intended to  
12 create a private right of action by any party or be used to determine  
13 eligibility for preferential tax treatment.

14        (1) The legislature categorizes this tax preference as one intended  
15 to create jobs, as indicated in RCW 82.32.808(2)(c).

16        (2) It is the legislature's specific public policy objective to  
17 create additional jobs in the competitive commercial airplane repair  
18 sector. It is the legislature's intent to reduce the cost of building

1 a F.A.A. part 145 repair station at a location in which one currently  
2 does not exist, in order to make Washington a competitive site for  
3 locating a F.A.A. part 145 repair station.

4 (3) The joint legislative audit and review committee must review  
5 these tax preferences during calendar year 2020. If the review finds  
6 that at least two hundred fifty additional jobs compared to the  
7 employment today, in the F.A.A. part 145 repair station sector, has  
8 taken place in the first five years of the enactment of this act, then  
9 the legislature intends that the expiration dates remain. If there are  
10 not at least two hundred fifty additional jobs in the F.A.A. part 145  
11 repair station sector, then the legislature intends for this act to  
12 expire July 1, 2021.

13 (4) In order to obtain the data necessary to perform the review in  
14 subsection (3) of this section, the joint legislative audit and review  
15 committee may refer to the annual survey for tax preferences that  
16 F.A.A. part 145 repair stations are required to file with the  
17 department.

18 **Sec. 2.** RCW 82.08.980 and 2010 c 114 s 126 are each amended to  
19 read as follows:

20 (1) The tax levied by RCW 82.08.020 does not apply to charges made  
21 for labor and services rendered in respect to the constructing of new  
22 buildings by: (a) A manufacturer engaged in the manufacturing of  
23 superefficient airplanes (~~or by~~); (b) a port district, to be leased  
24 to a manufacturer engaged in the manufacturing of superefficient  
25 airplanes; (c) a maintenance repair operator engaged in the maintenance  
26 of commercial airplanes or the fuselages or wings of commercial  
27 airplanes; or (d) a port district, to be leased to a maintenance repair  
28 operator engaged in the maintenance of commercial airplanes or the  
29 fuselages or wings of commercial airplanes, to sales of tangible  
30 personal property that will be incorporated as an ingredient or  
31 component of such buildings during the course of the constructing, or  
32 to labor and services rendered in respect to installing, during the  
33 course of constructing, building fixtures not otherwise eligible for  
34 the exemption under RCW 82.08.02565(2)(b). The exemption is available  
35 only when the buyer provides the seller with an exemption certificate  
36 in a form and manner prescribed by the department. The seller must  
37 retain a copy of the certificate for the seller's files. For the

1 purposes of this subsection (1), "maintenance repair operator" means a  
2 person classified by the federal aviation administration as a federal  
3 aviation regulation part 145 certificated repair station and  
4 "commercial airplane" has the same meaning as provided in RCW  
5 82.32.550.

6 (2) No application is necessary for the tax exemption in this  
7 section, however in order to qualify under this section before starting  
8 construction the port district must have entered into an agreement with  
9 the manufacturer to build such a facility. A person claiming the  
10 exemption under this section is subject to all the requirements of  
11 chapter 82.32 RCW. In addition, the person must file a complete annual  
12 report with the department under RCW 82.32.534.

13 (3) The exemption in this section applies to buildings, or parts of  
14 buildings, that are used exclusively in the manufacturing of  
15 superefficient airplanes, including buildings used for the storage of  
16 raw materials and finished product.

17 (4) If the employment metrics outlined in section 1 of this act are  
18 not met by 2020, any maintenance repair operator taking advantage of  
19 the exemption in this section must repay the exempted sales tax back to  
20 the department in 2021.

21 (5) For the purposes of this section, "superefficient airplane" has  
22 the meaning given in RCW 82.32.550.

23 ((+5)) (6) This section expires July 1, 2024.

24 **Sec. 3.** RCW 82.08.980 and 2013 3rd sp.s. c 2 s 3 are each amended  
25 to read as follows:

- 26 (1) The tax levied by RCW 82.08.020 does not apply to:
- 27 (a) Charges, for labor and services rendered in respect to the  
28 constructing of new buildings, made to (i) a manufacturer engaged in  
29 the manufacturing of commercial airplanes or the fuselages or wings of  
30 commercial airplanes ~~((or))~~; (ii) a port district, political  
31 subdivision, or municipal corporation, to be leased to a manufacturer  
32 engaged in the manufacturing of commercial airplanes or the fuselages  
33 or wings of commercial airplanes; (iii) a maintenance repair operator  
34 engaged in the maintenance of commercial airplanes or the fuselages or  
35 wings of commercial airplanes; or (iv) a port district, to be leased to  
36 a maintenance repair operator engaged in the maintenance of commercial  
37 airplanes or the fuselages or wings of commercial airplanes. For the

1 purposes of this subsection (1)(a), "maintenance repair operator" means  
2 a person classified by the federal aviation administration as a federal  
3 aviation regulation part 145 certificated repair station;

4 (b) Sales of tangible personal property that will be incorporated  
5 as an ingredient or component of such buildings during the course of  
6 the constructing; or

7 (c) Charges made for labor and services rendered in respect to  
8 installing, during the course of constructing such buildings, building  
9 fixtures not otherwise eligible for the exemption under RCW  
10 82.08.02565(2)(b).

11 (2) The exemption is available only when the buyer provides the  
12 seller with an exemption certificate in a form and manner prescribed by  
13 the department. The seller must retain a copy of the certificate for  
14 the seller's files.

15 (3) No application is necessary for the tax exemption in this  
16 section. However, in order to qualify under this section before  
17 starting construction, the port district, political subdivision, or  
18 municipal corporation must have entered into an agreement with the  
19 manufacturer to build such a facility. A person claiming the exemption  
20 under this section is subject to all the requirements of chapter 82.32  
21 RCW. In addition, the person must file a complete annual report with  
22 the department under RCW 82.32.534.

23 (4) The exemption in this section applies to buildings or parts of  
24 buildings, including buildings or parts of buildings used for the  
25 storage of raw materials or finished product, that are used primarily  
26 in the manufacturing of any one or more of the following products:

27 (a) Commercial airplanes;

28 (b) Fuselages of commercial airplanes; or

29 (c) Wings of commercial airplanes.

30 (5) For the purposes of this section, "commercial airplane" has the  
31 meaning given in RCW 82.32.550.

32 (6) If the employment metrics outlined in section 1 of this act are  
33 not met by 2020, any maintenance repair operator taking advantage of  
34 the exemption in this section must repay the exempted sales tax back to  
35 the department in 2021.

36 (7) This section expires July 1, 2040.

1           **Sec. 4.** RCW 82.12.980 and 2010 c 114 s 132 are each amended to  
2 read as follows:

3           (1) The provisions of this chapter do not apply with respect to the  
4 use of tangible personal property that will be incorporated as an  
5 ingredient or component of new buildings: (a) By a manufacturer  
6 engaged in the manufacturing of superefficient airplanes ((or)); (b)  
7 owned by a port district and to be leased to a manufacturer engaged in  
8 the manufacturing of superefficient airplanes; (c) by a maintenance  
9 repair operator engaged in the maintenance of commercial airplanes or  
10 the fuselages of commercial airplanes; or (d) a port district, to be  
11 leased to a maintenance repair operator engaged in the maintenance of  
12 commercial airplanes or the fuselages or wings of commercial airplanes,  
13 during the course of constructing such buildings, or to labor and  
14 services rendered in respect to installing, during the course of  
15 constructing, building fixtures not otherwise eligible for the  
16 exemption under RCW 82.08.02565(2)(b).

17           (2) The eligibility requirements, conditions, and definitions in  
18 RCW 82.08.980 apply to this section, including the filing of a complete  
19 annual report with the department under RCW 82.32.534.

20           (3) This section expires July 1, 2024.

21           **Sec. 5.** RCW 82.12.980 and 2013 3rd sp.s. c 2 s 4 are each amended  
22 to read as follows:

23           (1) The provisions of this chapter do not apply with respect to the  
24 use of:

25           (a) Tangible personal property that will be incorporated as an  
26 ingredient or component in constructing new buildings for (i) a  
27 manufacturer or maintenance repair operator engaged in the  
28 manufacturing or maintaining of commercial airplanes or the fuselages  
29 or wings of commercial airplanes or (ii) a port district, political  
30 subdivision, or municipal corporation, to be leased to a manufacturer  
31 or maintenance repair operator engaged in the manufacturing of  
32 commercial airplanes or the fuselages or wings of commercial airplanes;  
33 or

34           (b) Labor and services rendered in respect to installing, during  
35 the course of constructing such buildings, building fixtures not  
36 otherwise eligible for the exemption under RCW 82.08.02565(2)(b).

1 (2) The eligibility requirements, conditions, and definitions in  
2 RCW 82.08.980 apply to this section, including the filing of a complete  
3 annual report with the department under RCW 82.32.534.

4 (3) This section expires July 1, 2040.

5 NEW SECTION. **Sec. 6.** Sections 2 and 4 of this act expire July 1,  
6 2024, subject to the contingency stated in section 2, chapter 2, Laws  
7 of 2013 3rd sp. sess.

8 NEW SECTION. **Sec. 7.** Sections 3 and 5 of this act take effect  
9 subject to the contingency stated in section 2, chapter 2, Laws of 2013  
10 3rd sp. sess.

11 NEW SECTION. **Sec. 8.** Sections 3 and 5 of this act expire July 1,  
12 2040, subject to the contingency stated in section 2, chapter 2, Laws  
13 of 2013 3rd sp. sess.

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